IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICANT/APPELLANT:	David N. Harris
APPEAL NO.:	2010-004625
APPLICATION NO.:	09/617,361
FILING DATE:	July 17, 2000
TITLE:	SYSTEM AND METHOD FOR VERIFYING COMMERCIAL TRANSACTIONS
EXAMINER:	Raquel Alvarez
ART UNIT:	3682
CONFIRMATION NO.:	8110

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P.O. Box 1450
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REQUEST FOR REHEARING PURSUANT TO 37 CFR § 41.52

Dear Sir:

  This Request for Rehearing is in response to the Decision on Appeal dated September 14, 2011 for Appeal No. 2010-004625. This Request is being filed within two months of the Decision on Appeal (i.e., on or before November 14, 2011) and is, therefore, timely. Appellant hereby requests, pursuant to 37 CFR § 41.52, that particular points of this appeal be reheard.

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I. Decision of the Board

The following summarizes the Board's Decision:

1. The rejection of Claims 60-65, 72, 74-80, 87, 89-95, 102, 106, and 109-118 under 35 U.S.C. § 102(b) as anticipated by U.S. Patent No. 5,708,422 (Blonder) is sustained.

2. The rejection of Claims 105, 107, and 108 under 35 U.S.C. § 102(b) as anticipated by *Blonder* is not sustained.

3. The rejection of Claims 66 and 81 under 35 U.S.C. § 103(a) as unpatentable over *Blonder* is sustained.

4. The rejection of Claims 67-71, 73, 82-86, 88, 96-101, and 103 under 35 U.S.C. § 103(a) as unpatentable over *Blonder* and U.S. Patent No. 6,529,725 (Joao) is sustained.

II. Points Misapprehended or Overlooked by the Board

Appellant appreciates the Board's analysis of the claimed invention, including its reversal of the rejection of Claims 105 and 107. However, Appellant believes that the Board has misapprehended or overlooked several important points in its analysis to Appellant's detriment. Those points are summarized below.

1. The rejection of Claims 75, 117, and 118 under 35 U.S.C. § 102(b) as anticipated by *Blonder* should not be sustained because each of Claims 75, 117, and 118 indicates the timing and/or manner of how the verification feature is enabled and disabled.

2. Factual Finding 04 (FF04) does not support a finding that Claims 106 and 109 are anticipated by *Blonder* under 35 U.S.C. § 102(b).

3. Factual Finding 06 (FF06) does not support a finding that Claims 67 and 82 are unpatentable over *Blonder* and *Joao* under 35 U.S.C. § 103(a).

III. Arguments

1. The rejection of Claims 75, 117, and 118 under 35 U.S.C. § 102(b) as anticipated by *Blonder* should not be sustained, because each of Claims 75, 117, and 118 indicate the timing and/or manner of how the verification feature is enabled and disabled, which is not disclosed by *Blonder*..

The Board's decision regarding Claims 75, 117, and 118 was based on the Board's decision regarding Claim 60. Therefore, Claim 60 will be briefly addressed before Claims 75, 117, and 118.

Regarding Claims 60 and 75, the Board wrote:

> ... The Appellant contends that Blonder's Fig. 3 fails to describe receiving its data from an account holder to enable or disable [the verification indicator]. Appeal Br. 44.
> We find the description of Fig. 3 states that the account holder selects both the approval flags and condition fields' contents. FF02. **Whether Blonder explicitly recites how this is done is irrelevant as the claims at issue do not recite either the timing or manner of such selection.** It is sufficient that Blonder explicitly recites the capacity of the account holder to set those fields. Decision 7.
> (Emphasis added; [ ] contents added by Appellant)

Claim 60:

Appellant appreciates the Board's position that Claim 60 does not recite the timing or manner that the "verification indicator" is "switchable by said account holder" as recited by Claim 60. Appellant considers the Board's statement "[w]hether Blonder explicitly recites how this is done is irrelevant as the claims at issue do not recite either the timing or manner of such selection" as constructive criticism regarding the breadth of Claim 60.

Claim 75:

However, regarding Claim 75, Appellant believes that the Board has overlooked the fact that Claim 75 recites both the timing and manner of how the verification function is enabled and disabled. In particular, Claim 75 recites the following:

> 75. In a computer system, a method for verifying a commercial transaction between a user with credit card data and a merchant, said method comprising:
> **receiving instructions from an account-holder** associated with said credit card data **to selectively disable** a **previously enabled verification function**;
> receiving a transaction approval request from said merchant;
> transmitting an approval to said merchant without verifying said transaction approval request with said account-holder responsive to the selectively disabled verification function;
> **receiving instructions from said account-holder** to **selectively enable** said verification function;
> receiving a subsequent transaction approval request from another merchant;
> electronically verifying said subsequent transaction approval request with said account-holder, responsive to the **selectively enabled** verification function, via a communication with said account-holder separate from said communication with said another merchant; and
> transmitting an approval to said another merchant only if said subsequent transaction approval request is verified by said account-holder or if said verification function has again been disabled. (Emphasis added)

According to Claim 75, the verification function is sequentially enabled, disabled, and then re-enabled. The verification function is first "previously enabled", then selectively disabled in response to instructions received from an account holder. Next (after a first transaction approval request is processed "responsive to the selectively disabled verification function"), the verification function is enabled again responsive to more instructions received from the account holder. This is true, because Claim 75 indicates that a "subsequent transaction approval request from another merchant" is processed based on the selectively enabled verification function. Thus, according to Claim 75, the verification function can be repeatedly enabled and disabled,

between subsequent transaction approval requests, based on instructions from the account-holder. This aspect of Appellant's invention is not disclosed by Blonder.

Appellant agrees that Blonder discloses that the "pre-established conditions may be pre-selected by the card owner" and that "[t]he conditions field 305 shows restrictions pre-selected by the card owners for use of their credit cards" (*Blonder*, col. 6, lines 8-9 and 13-15). However, Appellant can find nothing in *Blonder* even suggesting that the alert and approval flags 303 and 304 are sequentially enabled, disabled, and then re-enabled.

For the above reasons, Appellant respectfully avers that Claim 75 recites sufficient steps regarding the timing and manner of enabling and disabling the verification function to distinguish over Blonder. Therefore, the rejection of Claim 75 under 35 U.S.C. § 102(b) should not be sustained. Appeal Br. 43-44. Reply Br. 7-9.

Claim 117:

Regarding Claim 117, Appellant respectfully avers that the Board has overlooked the fact that Claim 117 recites the manner in which the account-holder can change the verification indicator. Specifically, Claim 117 recites (in part) "an account-holder communications module operative to facilitate a separate connection with an account-holder … to facilitate the switching of a verification indicator between at least a first state and a second state". In contrast, Blonder does not indicate that a separate connection is established with the card owner for the card owner to change the values of either the alert flag 303 or the approval flag 304. Indeed, Blonder does not indicate that the card owner ever establishes a connection with the system to set the alert flag 303 or the approval flag 304, even for the initial settings of these flags. There is no indication that Blonder provides a user with any electronic access to the data of the table of Fig. 3.

For the above reasons, Appellant respectfully avers that Claim 117 recites sufficient limitations regarding the manner of enabling and disabling the verification function to distinguish over Blonder. Therefore, the rejection of Claim 117 under 35 U.S.C. § 102(b) should not be sustained. Appeal Br. 49 and 42-44. Reply Br. 15-16 and 7-9.

Claim 118:

Regarding Claim 118, Appellant respectfully avers that the Board has overlooked the fact that Claim 118 recites the manner in which the account-holder can change the verification indicator. Specifically, Claim 118 recites (in part) "an account-holder communications module operative to facilitate a separate connection with an account-holder … to facilitate the switching of a verification indicator between at least a first state and a second state". Therefore, Appellant respectfully avers that Claim 118 recites sufficient steps regarding the manner of enabling and disabling the verification function such that the rejection of Claim 118 under 35 U.S.C. § 102(b) should not be sustained. Appeal Br. 49 and 42-44. Reply Br. 16-17 and 7-9.

2. The Rejection of Claims 106 and 109 should not be sustained because Factual Finding 04 (FF04) does not support a finding that Claims 106 and 109 are anticipated by *Blonder* under 35 U.S.C. § 102(b).

Claim 106:

Claim 106 recites the following:

106. A computer system for verifying a commercial transaction between a user with financier data and a retailer, said computer system comprising:
a processing unit for processing data and code;
memory for storing said data and said code, said code including
a financier communications module operative **to facilitate a connection with a financier for receiving a verification request** related to said commercial transaction,
an account-holder communications module operative to facilitate a connection with an account-holder associated with said financier data for said account-holder to verify said commercial transaction, and
an authorization module configurable to cooperate with said account-holder communication module for obtaining account-holder verification of said commercial transaction or to automatically verify said commercial transaction without obtaining verification from said account-holder, said authorization module being responsive to receipt of said verification request and **operative to transmit an approval to said financier if said commercial transaction is verified**. (Emphasis added).

Claim 106 is directed to the "third-party verification" feature of Appellant's invention where the verification process of the invention is performed by an entity other than the financier (e.g., a credit card company). This aspect of Appellant's invention can best be understood with reference to Fig. 1 of Appellant's specification as discussed at Appeal Br. 16-17.
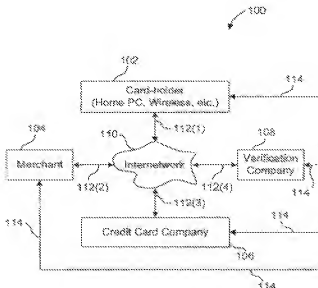

FIG. 1

According to this aspect of the invention, the third-party verification system (Verification Company 108) receives a verification request related to a commercial transaction from the financier (i.e., Credit Card Company 106). The Verification Company 108 then verifies the commercial transaction with the account holder (Card-holder 102). Finally, the Verification Company 108 transmits an indication to the Credit Card Company 106 of whether the commercial transaction is verified or not. Appeal Br. 45-46 and 47-48. Second Reply Br. 11-12 and 14-15.

For the Board's convenience, Appellant points out that the indication sent from the Verification Company 108 to the Credit Card Company 106 is referred to as "indicia of verification" in Claim 109 and as "an approval" in Claim 106. The "approval" recited in

Claim 106 should not be confused with the ultimate approval of a transaction by the financier, which is sent to the merchant.

With respect to Claim 106, the Board wrote:

> We are unpersuaded by the Appellant's argument as to claim 106 that Blonder fails to describe a "financier communication module operative to facilitate a connection with a financier for receiving a verification request related to said commercial transaction" and "an account-holder communications module … operative to transmit an approval to said financier if said commercial transaction is verified." Appeal Br. 46.
> The Examiner found this in Blonder. Answer 5. We agree that Blonder describes this. FF04. The Appellant contends that Blonder requires, in addition to the card owner, that a third-party approve the transaction, and, towards that end, that a request for verification be sent to the third-party, and that there is no teaching of the financier submitting a verification request to a third-party verification system much less teaching the transmission of an approval from the third-party verification system to the financier if the commercial transaction is verified. Appeal Br. 46.
> This argument is simply not commensurate with the scope of the claim. The claim makes no further limitation on the manner or content of the communication. To the extent the Appellant is arguing a distinction between Blonder's database repository and a financier, Blonder's credit card database clearly stands in place as a tool for the financier, and so communications with the database are in effect communications with the financier. Decision 7-8.

Appellant is concerned that perhaps the Board did not fully understand Appellant's prior arguments, because the Board has apparently perceived Appellant's arguments as an attempt to distinguish the system of Blonder from that of a financier. Indeed, Appellant fully agrees that Blonder intends that the validation database 106 would be incorporated into the system of a financier (i.e., a credit card company). However, Claim 106 is directed to a system wherein the verification is carried out by a third-party system apart from the financier's transaction approval system. For example, it would not make sense for a financier system to include "a financier communications module operative to facilitate a connection with a financier …". Due to the apparent confusion, Appellant would like to make several clarifications.

First, Appellant's argument on appeal was that *Blonder* does not disclose "a financier communications module operative to facilitate a connection with a financier for receiving a verification request related to said commercial transaction" and "an authorization module … operative to transmit an approval to said financier if said commercial transaction is verified." Appeal Br. 45-46 and 47-48. Second Reply Br. 11-12 and 14-15. Appellant notes that Claim 106 was mistakenly quoted in his Appeal Brief and Reply Briefs, which may have caused some confusion. Specifically, Claim 106 was quoted as reciting "an account-holder communications module … operative to …" when in fact Claim 106 actually recites "an **authorization** module … operative to…". Appellant apologizes for any inconvenience this mistake may have caused the Board. Appeal Br. 46. Second Reply Br. 12.

Second, Appellant and the Board agree that "Blonder's credit card database clearly stands in place as a tool for the financier, and so [in Blonder] communications with the database are in effect communications with the financier." Decision 8. In fact, it was the Examiner's contrary position (rather than Appellant's) that the validation database 106 of Blonder was interpreted as a third party. Answer 8. Second Reply Br. 12.

Third, Appellant would like to clarify that their remarks on page 46 of their Appeal Brief were merely a characterization of Blonder followed by a statement of how the claimed invention is different from that characterization of Blonder. The Board appears to understand this, but for the sake of clarity Appellant is re-emphasizing it here. Specifically, Appellant wrote:

> *Blonder et al.* discloses requiring separate approval from multiple parties (*e.g.,* two corporate executives) prior to approving a transaction (*Blonder et al.*, col. 11, lines 5-20). In other words, *Blonder et al.* requires, in addition to the card owner, that a third-party approve the transaction and, towards that end, that a request for verification be sent to the third-party. Appeal Br. 46

In the above statement, Appellant was merely indicating that Blonder describes a case where both the card owner and another person, e.g., a "third-party", are required to approve a

transaction. Appellant then pointed out that this scenario in Blonder was very different than the aspect of Appellant's invention covered by Claim 106:

> There is no teaching of the financier submitting a verification request to a third-party verification system much less teaching the transmission of an approval from the third-party verification system to the financier if the commercial transaction is verified.
> Appeal Br. 46.

In view of the above clarifications, Appellant respectfully avers that Claim 106 is not anticipated by *Blonder*. Blonder does not disclose "a financier communications module operative to facilitate a connection with a financier for receiving a verification request related to said commercial transaction" and "an authorization module … operative to transmit an approval to said financier if said commercial transaction is verified," as recited by Claim 106.

The Board cites FF04 as support for sustaining the rejection of Claim 106. However, FF04 does not support the rejection. Indeed, Appellant respectfully avers that FF04 is irrelevant to the third-party verification system of Claim 106, because FF04 is directed to the circumstance where the customer provides verification directly to the card issuer, and not to a third-party verification company. In contrast, Claim 106 is directed to a separate verification system that receives verification requests from a financier, verifies a transaction with an account-holder, then transmits an approval to the financier.

Finally, Appellant avers that Claim 106 adequately specifies the manner and content of the communications therein to distinguish over Blonder. Specifically, Claim 106 recites "a financier communications module operative to facilitate a connection with a financier". Thus, the manner of communication is via "a financier communications module" and "a connection with a financier." Further, Claim 106 provides the content of the communication as "a verification request related to said commercial transaction". Blonder does not describe an equivalent of these elements.

Claim 106 also recites "an authorization module … responsive to receipt of said verification request and operative to transmit an approval to said financier if said commercial

transaction is verified." Thus, Claim 106 also specifies the manner and content of the transmission provided to the financier by the authorization module. Blonder does not describe an equivalent of this element either.

For the above reasons, Appellant respectfully avers that Claim 106 was misapprehended by the Board and is not anticipated by *Blonder*. Appellant respectfully asserts that FF04 does not dictate otherwise. Also for the above reasons, Appellant respectfully avers that the Board has overlooked the limitations of Claim 106 that describe the manner and content of the communications in Claim 106 that distinguish over Blonder.

For the above reasons, Appellant respectfully avers that the decision regarding Claim 106 should be reversed. Appellant also respectfully avers that the decision regarding Claim 109 should be reversed for at least the same reasons as Claim 106.

> **3. The rejection of Claims 67 and 82 should not be sustained because Factual Finding 06 (FF06) does not support a finding that Claims 67 and 82 are unpatentable over *Blonder* and *Joao* under 35 U.S.C. § 103(a).**

Claim 67 recites the following:

> 67. A computer system according to Claim 60, wherein:
> **any notification** to said account-holder **is disabled**; and
> said authorization module includes an interactive verification
> module operative to **wait for** said account-holder to
> initiate said separate connection. (Emphasis added)

Claim 82 recites the following:

> 82. A method according to Claim 75, wherein said step of
> electronically verifying said subsequent transaction approval
> request with said account-holder includes **disabling any
> notification** to said account-holder and **waiting for** said account-
> holder to initiate communication with said computer system.
> (Emphasis added)

In their briefs, Appellant argued that Claims 67 and 82 are not obvious over *Blonder* and *Joao* because *Blonder* in view of *Joao* do not teach each and every element of Claims 67 and 82. Reply Br. 22-23. Following the Decision on Appeal, Appellant and the Board agree that "Blonder fails to describe an interactive verification module operative to wait for said account-holder to initiate said connection with said account-holder communication module, any prior notification to said account-holder regarding said transaction being disabled." Decision 7.

The Board then stated the following regarding Joao:

> We agree that Joao describes such an alternative where the account-holder initiates the communication. FF06. The Appellant contends the account holder is contacted first in these instances, but we find no evidence to support this in Joao. Instead the account holder calls on his own to appraise the card provider. Decision 9.

Appellant respectfully avers that the Board's statements regarding *Joao* directly conflict with a plain reading of the passages identified in *Joao* by the Board and the Examiner. Accordingly, Appellant maintains his position that *Joao* does not teach or suggest that the cardholder sends a verification to a transaction without receiving notification. Reply Br. 22. Second Reply Br. 22.

The Examiner's Answer identified three passage of *Joao*, which she believed were relevant to Claims 67 and 82. Those passages were (1) col. 7, lines 12-18; (2) col. 19, lines 1-7; and (3) col. 19, line 65 to col. 20, line 5. (Appellant assumes that col. 19 line 65 to col. 5 identified by the Examiner is intended to mean col. 19, line 65 to col. 20, line 5.) Answer 6. FF06 by the Board corresponds to the passage of *Joao* at col. 19, lines 1-7. Decision 6. The passages are reproduced below.

Col. 7, lines 12-18 of *Joao* provides the following:

> Thereafter, the operation of the apparatus will cease. If the cardholder should **reply or respond to the transaction notice** at a later period, this information may then be utilized in order to approve, or to disapprove, and/or to dispute the transaction. (Emphasis added)

Thus, this passage of *Joao* <u>expressly indicates</u> that a reply is sent **in response to** a prior

transaction notice.

Col. 19, lines 1-7 (FF06) of *Joao* provides the following:

> In instances when the communication device 4 does not have a
> reply or two-way pager feature, the cardholder may simply
> telephone the central processing office or a processing center for
> the card in order to personally appraise the center or office of his
> or her **response to** the central processing computer **transmission**
> **regarding the transaction**. (Emphasis added)

Thus, like the previous passage of *Joao*, FF06 <u>expressly indicates</u> that a cardholder telephones

the central processing office **in response to** a prior notification. Thus, FF06 does not support the

Board's position regarding Claims 67 and 82.

Finally, the passage at Col. 19, line 65 to Col. 20, line 7 provides the following:

> In instances when the cardholder is a party to the
> transaction, he or she, having the communication device 4 on his
> or her person, may authorize the transaction at the point-of-sale
> location. If the transaction is a telephone and/or other remotely
> made transaction, the cardholder may authorize the transaction
> from his or her remote location. The cardholder may also
> program and/or set the communication device 4 to automatically
> authorize or disapprove or disallow transactions.

This passage merely indicates that the cardholder can authorize a transaction at a point-of-sale

location or at a remote location. This passage does <u>not</u> indicate that such authorization occurs

without cardholder notification and is not contradictory to the first two passages cited above.

Notably, the very next sentence of *Joao* at col. 20, lines 7-11 provides the following:

> In this regard, the communication device 4 may be programmable
> so as to **receive and analyze the transaction information** and/or
> data **and reply and/or respond** to same automatically and/or
> with preset and/or programmed **re[p]lies and/or responses**.

Thus, with respect to the last passage of *Joao* identified by the Examiner, it is again clear that the

communication device 4 of *Joao* receives notification of a transaction ("the transaction

information") before a reply is generated.

For the above reasons, Appellant respectfully avers that the teachings of *Joao* regarding Claims 67 and 82 were misapprehended or over-looked by the Board. Accordingly, Appellant maintains his position that the combination of *Blonder* in view of *Joao* does not teach each and every element of Claims 67 and 82. Therefore, the rejection of Claims 67 and 82 under 35 U.S.C. § 103(a) should not be sustained.

Conclusion

Appellant appreciates the Board's careful consideration of Appellant's Request for Rehearing. Should the Board have any questions or suggestions about this Request, the Board is invited to contact Appellant's attorney at (269) 279-8820.

Respectfully submitted,

/Larry E. Henneman, Jr./

Date: November 14, 2011

Larry E. Henneman, Jr., Reg. No. 41,063
Attorney for Appellant/Applicant
Henneman & Associates, PLC
70 N. Main Street
Three Rivers, MI   49093